## 

**ASPAC-Market Update- Q3 2016**

**Mark Your Diary**

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| --- | --- | --- | --- | --- |
| **Date** | **Type** | **Days** | **Location** | **Segments** |
| 06 Feb 2017 | RS | 4 | Sydney/Melbourne | Corporate/Leisure/MICE |
| 13 Feb 2017 | RS | 5 | Brisbane/Perth/Adelaide | Corporate/Leisure/MICE |
| 08 Feb 2017 | RS | 2 | Singapore | Corporate/Leisure/MICE |
| 20 Feb 2017 | RS | 3 | Seoul | Corporate/Leisure/MICE |
| 23 Feb 2017 | RS | 2 | Hong Kong | Corporate/Leisure/MICE |
| 28 Feb 2017 | RS | 4 | Shanghai/Beijing | Corporate/Leisure/MICE |
| 07 Mar 2017 | RS | 4 | Singapore/Hong Kong /Taiwan/Shanghai | FHR |
| 21 Mar 2017 | RS | 4 | New Delhi/Mumbai | Corporate/Leisure/MICE |
| 08 May 2017 | RS | 5 | Auckland/Wellington/Christchurch | Corporate/Leisure/MICE |
| 05 Jun 2017 | RS | 5 | Japan | Corporate/Leisure/MICE |
| 19 Jun 2017 | TS | 4 | ILTM Shanghai | Corporate/Leisure/MICE |
| 04 Jul 2017 | RS | 4 | Singapore/Kuala Lumpur | Corporate/Leisure/MICE |
| 24 Aug 2017 | RS | 2 | Hong Kong | Corporate/Leisure/MICE |
| 28 Aug 2017 | RS | 3 | Seoul/Busan | Corporate/Leisure/MICE |
| 11 Sep 2017 | RS | 4 | Sydney/Melbourne | Corporate/Leisure/MICE |
| 20 Sep 2017 | RS | 4 | Shanghai/Beijing | Corporate/Leisure/MICE |

RS: Roadshow/ CE: Client Event/ TS: Trade show

**LEISURE TRAVEL**

**Australia**

* End of financial year results show that half of all Australians left the country on international travel and that top destinations were New Zealand / Indonesia / USA / UK / Thailand / China / Singapore / Japan / Fiji and India. More than 60% left on holiday, 24 % went to see relatives and only 9% went for business. The average length of stay away was 15 days making the Aussies a good source of revenue for hotels. 34% were from New South Wales, 25% from Victoria, 18% from Queensland, 14% from Western Australia and 5% from South Australia.
* The cruising segment continues to swell and is the fastest growing travel product in Australia and New Zealand. Several cruise lines have recently opened up offices in Australia and they are Regent Seven Seas Cruises, Crystal Cruises and Dream Cruises further fueling demand and highlighting a cruise as an option on an overseas holiday.
* Hotels should make sure that rates are already loaded and viewing correctly until end of July 2017 as we already are getting enquiries and have a few bookings
* Hotels should load some long stay offers as to most destinations Australians will stay longer so at least 3 or 4 days and in Europe and USA perhaps up to 10 days
* Hotels should load some family options as multi-generational family travel is on the increase.

**Contact for this market is Carolyn Holmes based in Sydney, Australia** [**cholmes@preferredhotels.com**](mailto:cholmes@preferredhotels.com)

**CHINA**

* CHINA’s Zhonghong Group has agreed to purchase a majority shareholding for equity in luxury travel agency Abercrombie & Kent (A&K) so hotels should be aware.
* Preferred Hotels and Resorts has signed a global partnership with UnionPay to further penetrate the Chinese market. UnionPay will provide Preferred Hotels and Resorts with increased exposure through promotional campaigns such as banner advertising on [UnionPayIntl.com](http://unionpayintl.com/) and statement inserts at affiliate banks across China. These will rotate on a quarterly basis and educate cardholders on the offerings at member hotels. There will be a cardholder discount of up to 15% at 125 participating properties located across the top 50 most popular international destinations for Chinese travelers. Please check with the China office of Preferred Hotels and Resorts for more information about this project.
* Two years after the disappearance of Malaysia Airlines flight MH370 the inbound Chinese market to Malaysia is finally showing strong signs of recovery recording a 32% year-on-year growth for Chinese arrivals. Growth from China is expected to continue for the rest of the year especially with the new e-visa facility which reduces the visa application time from one week to one day.
* TripAdvisor released top 15 hot destinations for Chinese Travelers during the upcoming National Holiday. Phuket, Kyoto, Tokyo, Bangkok, Hong Kong, Osaka, Koh Samui, Singapore, Taipei, Chiang Mai, Seoul, London, Bali, Los Vegas, Paris were all on the list! It is easy to see from these statistics that distance, cost and cultural differences are still major factors in travel choices for Chinese leisure travelers.
* Los Angeles Tourism Bureau celebrated its 10 year anniversary of having an office in China. In less than 10 years China has become Los Angeles's largest overseas tourist market with more than 824000 people visiting which was an increase of 20%. At present there are roughly 73 non-stop flights between Los Angeles and 5 main cities in China weekly so Los Angeles has become an important hub in connecting the 2 countries together.
* The statistical data of Czech Tourism Bureau showed that last year there were 300 thousand Chinese tourists to The Czech Republic making us a great target market for Prague hotels.

**Contact for this market is Amy Pang based in Shanghai, China** [**apang@preferredhotels.com**](mailto:apang@preferredhotels.com)

**HONG KONG**

* Westminster Travel uses OTA channels to connect more than 280,000 hotel rates in their network without commitment and a lot of problematic administration. We are noting that more and more wholesalers are using this type of distribution model as it also offers clients a far more competitive rate and additional benefits. We believe that the more traditional method of contracting will phase out soon so hotels should be aware.
* Japan, Taiwan and Thailand are the top regional ASPAC destinations for travelers from Hong Kong so hotels that are interested in the leisure segment please ensure that all your packages are uploaded and bookable through PH&R channels.

**Contact for this market is Sylvia Mak based in Hong Kong**

[**smak@preferredhotels.com**](mailto:smak@preferredhotels.com)

**INDIA**

* Because of the UK Brexit, travel to England is now upto 10% cheaper as the GBP has fallen by nearly 14% against the INR which is great news for Indian tourists. Once in the UK everything else is cheaper as well including sightseeing and entry to museums plus dining out is also more affordable. Indians are big shoppers so a 10% discount because of currency fluctuation is also great so London hotels should target this market especially during the winter holiday season.
* Mid October through to first week of November is the holiday season for Indian travelers because of the Dusshera and Diwali festivals. This is then followed by the Christmas / New Year holiday period. Hotels should share their best available rates / packages targeting leisure FIT & famili**e**s as the travelers look for best deals during this time. They should also ensure these rates are loaded on all PH&R booking channels.
* Air India has commenced the first ever flight between Ahmedabad to Newark via London which should fuel demand between these cities. Also the low cost carrier Indigo Airlines has launched a direct flight from Chandigarh to Dubai increasing Indian outbound travel for Dubai hotels.
* Vienna is becoming a new holiday destination for a larger number of Indians. Travel has increased by 32% over the first 6 months of this year. Indian families, honeymooners and conference attendees travel to Vienna for its stately castles, culture, cuisine, music and vast green spaces so hotels there should send us any offers that they may have.
* Travel to South Korea has increased by 48% year on year. This is largely due to the persistent efforts of the Korean Tourism Organization in New Delhi as they have tirelessly educated and promoted plus there has been an increase in airline connectivity at the same time with Asiana Airlines moving from 3 up to 5 times a week from Delhi and plans to operate daily shortly. In addition Korean Air will be launching a New Delhi operation in December with five time a week flights. South Korea has always been popular as a leisure destination with families, honeymooners and adventure lovers so member hotels in South Korea should consider targeting the Indian Market in the key cities of New Delhi and Mumbai.
* Taiwan has started offering free visas to Indian nationals who apply online. These travelers can now stay in Taiwan for 30 days also creating opportunities for more hotels.
* Since most Indian leisure business is still booked via travel agencies wholesalers and tour operators member hotels should consider attending the India Roadshows in 2017 to meet with the travel trade to help promote their property.

**Contact for this market is Gaurav Sindhwani based in New Delhi, India**

[**gsindhwani@preferredhotels.com**](mailto:gsindhwani@preferredhotels.com)

**JAPAN**

* Iberia Airlines will revive the direct flight from Narita to Madrid on October 19th with 3 flights weekly. The aircraft will carry 288 passengers so we expect an increase across all segments using their destinations in Africa and Europe and their 29 cities within Spain.
* Many travel agencies have made a strategy to decrease their handling of overseas tours and increase domestic tours as this is much easier plus they can sell at higher rates. Hotels should be aware of the change of focus.
* Japan taxes were originally forecast to increase to 10% by next April but this has now been delayed until October 2019. We expect leisure travelers to take full advantage before everything becomes more expensive. Please send us any special offers you may have to take advantage of this situation.
* Gross sales of major travel companies with outbound business showed a 4.8% decrease year on year and outbound package tours also decreased by 5.9%.
* Compared to last year there was huge growth in travel to Korea, Taiwan and Vietnam this quarter with increases as follows Korea +127.8%, Taiwan +14.7%, Vietnam +14.3%. New Zealand and Australia have seen fantastic growth for long haul travel and this has been a similar pattern for the last 6 months. Again hotels in these locations may wish to come and visit with us or send us any special offers.
* Some terrorism incidents and volatile political matters have been a concern this last quarter and have demotivated some Japanese leisure travelers from traveling abroad especially to Europe.
* Just to remind member hotels that the main wholesaler brochures are issued twice a year. (April-Oct and then Oct – March). It is critical that member hotels have a year round contract with the local tour operators handling the Japanese market to capture business in the leisure segment. Once the year round contract is established the local tour operators will accept promotional offers as well, such as bonus nights, meal included offers during the off season.
* Please contact hseguro@preferredhotels.com if any member hotels have promotional offers so that Japan office can promote.

**Contact for this market is Hideki Seguro based in Tokyo, Japan**

[**hseguro@preferredhotels.com**](mailto:hseguro@preferredhotels.com)

**SOUTH KOREA**

* The top travel locations within Asia Pacific are within 2-6 hours flying time so Japan, Thailand, Taiwan, Hong Kong & Guam remain popular. Hotels in these locations should come and visit with us in order to raise awareness.
* During the mid-autumn festival (13-18Sep16) 970,000 passengers used Incheon Airport and this was the biggest number in the airports history. This shows that the outbound market is very strong so hotels should send us any offers and specials that they may have.
* Seoul’s decision to deploy a US missile defense system even with the objection of China has started to create visa problems and some of South Koreas up and coming actors and pop stars have been blocked from visiting China. Everyone needs to wait and see what long term affect this will have but the cost of visas has already increased so it may decrease opportunities for travel to China by South Koreans.
* On-line travel agent Interpark has had their member data hacked by North Korea and its suspected it was the North Korean government. There is now an extortion bid where members are being asked to pay a ransom and the credibility of Interpark and its security is being questioned. This may make travellers wary of using online tools and websites.

**Contact for this market is Alice Choi based in Seoul, South Korea**

[**achoi@preferredhotels.com**](mailto:achoi@preferredhotels.com)

**SOUTH EAST ASIA**

* The next major holiday season are the year-end school holidays from 19 November until end of December. Hotels with packages especially those that cater to families please ensure that rates are loaded in the GDS and the PH&R booking engines for maximum exposure.
* We expect the top intended locations within Asia Pacific to be within 5-8 hours flying time with China, Thailand, Indonesia, Japan, South Korea & Australia topping the list.
* South East Asia is still the most travelled region with traditional beach holidays like Phuket, Bali and Langkawi gaining popularity versus those destinations further afield. Shorter travel booking times are also seen as more travellers are undecided on holidays in anticipation of a weaker economy. Hotels that want to capitalize on this current trend should ensure all offers are loaded across all PH&R booking channels
* For long haul markets there is a drastic fall in volume for several major destinations like France, Turkey, Germany and Belgium. However other European destinations like Spain, Portugal, Ireland & Scandinavia have seen an upswing as they are deemed safer destinations. Hotels in these destinations should ensure that offers are available on the PH&R booking engines.
* Demand for travel to the UK has increased due to the weakening pound. London hotels targeting this market especially during the upcoming holiday season should ensure rates are loaded and available in all PH&R booking channels and also ensure our office is aware.

**Contact for this market is Steven Fam based in Singapore**

[**sfam@preferredhotels.com**](mailto:sfam@preferredhotels.com)

**COrporate/Business Travel**

**AUSTRALIA**

* Investment figures have been shocking in Q2 and Q3 with mining investment down by at least 22% , manufacturing investment flat and most other industries down by at least 16%. The outlook is not set to improve either with the rest of 2016 and 2017 expected to be the worst year for investment since 2010. Hotels should be aware as come RFP time most Australian corporations are looking for extreme cost savings and the travel programme is an easy way of saving.
* The secondary states and in particular Western Australia are doing it tough with many businesses downsizing and closing branches and consolidating into New South Wales and Victoria. Hotels should be aware as room nights volumes will be reducing as will the numbers of hotels being used..
* TMCs report flat growth and much stronger compliance. Most corporations are continuing to implement tighter controls and more stringent policies. There has been a decrease in the number of business trips taken though when travel is allowed the trips are usually longer with stays of up to 4 days. Also 5 star properties are often being downgraded to 4 star options and executive tier programmes are disappearing.
* Clients are increasingly tracking secondary and incidental expenses incurred during corporate travel. These include meals / car rental and mobile services as these expenses account for around 15% of the travel budget. Hotels should be aware that these value adds are growing in importance and try to include as many as possible.
* ANZ have moved their TMC from CWT to FCm to drive further cost savings and to also drive compliance. Hotels that are currently on the programme should check with us for new rate loading instructions if they haven’t already done so
* Many RFPs this year will not allow us to solicit any new hotels as they are reducing programmes and driving further compliance to existing accepted hotels. If the travel manager does allow us to solicit we must have a VERY STRONG business case otherwise they will not even consider.

**Contact for this market is Carolyn Holmes based in Sydney, Australia** [**cholmes@preferredhotels.com**](mailto:cholmes@preferredhotels.com)

**CHINA**

* Siemens launched their 2017 global RFP in early September and a second round of re-negotiations will commence mid-October. Any hotels who are interested in this account should please contact their regional representative for more information on how to connect.
* Nokia will launch their 2017 global RFP mid-October and this year they will reduce the number of hotels to increase room night volumes per accepted hotel. Hotels who are interested in this account please contact your regional representative for more information on how to connect.
* Baidu will launch their 2017 global RFP mid-October but in China only so if hotels find they are getting any production from them then please contact Lewis at [lgui@preferredhotels.com](mailto:lgui@preferredhotels.com)
* An Egencia study revealed that the majority of corporates still find in-person meetings more effective and productive especially for the China Market.
* Hotels looking to increase Corporate and MICE businesses from China should attend the China Roadshow from Feb 28 - Mar 3 in Shanghai & Beijing. Please contact Amy Pang at apang@preferredhotels.com for more info.

**Contact for this market is Amy Pang based in Shanghai, China**

[**apang@preferredhotels.com**](mailto:apang@preferredhotels.com)

**HONG KONG**

* The key outbound cities still remain the same with number 1 being Japan, 2nd and 3rd for Thailand and Taiwan with travel to Korea on the increase. Hotels in these locations may wish to send us some special offers and updated tactical promotions whenever available.
* For most corporate RFPs unsolicited bids will only be considered for hotels with a strong business case. Please have a close local presence and state clearly your YTD room nights and convey your properties competitive edge plus detail your relationships. The value of service is also playing an important role in order to win the bid. It is very important the Corporate Survey must be presented precisely and accurately.

**Contact for this market is Sylvia Mak based in Hong Kong**

[**smak@preferredhotels.com**](mailto:smak@preferredhotels.com)

**INDIA**

* Amex, CWT and BCD are still the largest TMCs with maximum share of GDS business even though there is little increase year on year. Hotels may wish to join our next Roadshow in 2017 to meet and engage with these TMCs as due to strict protocols individual hotels may not visit on their own.
* Accounts with high production on the GDS include IBM, Amex Fine Hotels & Resorts, Mckinsey, Microsoft, Deloitte, Oracle, Shell, Hewlett Packard, GE & Citigroup. Should your hotel be accepted for any of these 2016 RFPs please do share a PDF flyer highlighting your location, special negotiated rate and amenities so that we can then distribute to the relevant travel counselors.
* Flight Centre Travel Group (FCTG) has expanded its portfolio in India with the launch of FCM Incoming focusing exclusively on inbound travel. FCM Incoming will focus on leisure travel experiences in and around the Indian subcontinent including Nepal, Sri Lanka and Bhutan.
* The penetration of online booking tools and apps is increasing year on year so please ensure traveler benefits (including *i*Prefer Reward Points) are clearly highlighted in your GDS descriptions to maximize sales

**Contact for this market is Gaurav Sindhwani based in New Delhi, India**

[**gsindhwani@preferredhotels.com**](mailto:gsindhwani@preferredhotels.com)

**JAPAN**

* Most major Japanese corporate accounts are yet to establish a global hotel program launched out of a head office within Japan. However this trend is gradually changing as more and more travelers travel so companies are being forced to mandate travel and arrange more formalized and consolidated travel programs. Hotels should note that the majority of hotel bookings from Japan are still made through local offices even when negotiated corporate rates are loaded on the GDS. This is one of the reasons why a local corporate relationship is imperative regardless of whether the hotel is in the program or not. Hotels should advise PH&R Japan office (hseguro@preferredhotels.com) about any local contracts they hold for Japanese companies so that it can be followed up locally. (These companies include but are not limited to Toyota, Renault-Nissan ASPAC, Toshiba, NTT, Kao, NEC, Hitachi, Sony, Panasonic, ITOCHU, Honda, Shiseido, Mizuho Securities & Suntory)
* The Panasonic Japan hotel program is currently run by the Panasonic Corporation in North America. Panasonic Japan has appointed HRS Japan to partner with their in-house travel agency M-Heart Tourist with a view to establishing their own global hotel program in the future. As an initial phase HRS is approaching key hotels with a Panasonic local contract to load the rates on the GDS. Hotels that have a Panasonic rate should please contact PH&R Tokyo office so that we can advise loading instructions.
* Toshiba Tourist is enhancing options to increase and encourage hotel reservations from Japan. They are making it flexible for corporate travelers to have the option of booking through Toshiba Tourist or through the PH&R booking engine using the designated negotiated corporate rate code. Toshiba Tourist has initiated a prepayment process for their travelers taking away the burden of a reimbursement process so hotels should be aware.
* Hitachi Travel Bureau representing Hitachi has contracted with HRS for the 2015 Hitachi hotel program and they manage the entire process from sourcing right through to rate loading for accepted hotels. Please note that hotels in Asia and Europe will still be contracted on a local basis and that Hitachi Data Systems (HDS) runs a separate program which will also be sourced directly with hotels.
* Preferred Hotels & Resorts and one of the major TMCs in Japan JTB-CWT have a special agreement giving us priority supplier access to their bookers plus enhanced promotions for our member hotels. JTB-CWT have many Japanese corporate clients who do not have negotiated rates so to better cater to their needs this TMC always welcomes special package rates which include breakfast. If you have any e-flyers with special promotions listed please send them to Tokyo office and we can share with them.
* NTT Travel Service the appointed agency for NTT Group was handling the hotel RFP for business travelers flying from Japan but for the 2016 season their office in the USA will now handle everything. Please contact us if you should have any questions.

**Contact for this market is Hideki Seguro based in Tokyo, Japan**

[**hseguro@preferredhotels.com**](mailto:hseguro@preferredhotels.com)

**SOUTH KOREA**

* Samsung plan to open a new branch in Gurgaon India in 2016 but details and the exact schedule are not yet finalized. Hotels in this location may wish to target this account by completing the Corporate Survey. Also due to their factory locations in Xian and Hanoi these are their top destinations in Asia. (500 – 600 rooms)
* Due to the failure of a project in Australia Samsung C&T have downsized by 8% and there could also be a merger with Samsung Engineering.
* Small & medium corporates are more likely to book via an OTA for hotels as they do not have appointed personnel or departments to handle.
* Due to Brexit many Korean corporates have put on hold some projects and they are now monitoring the situation.The Brexit has already affected the USD & Yen as they have become stronger and gold has become a preferred option for saving. Foreign investment in the UK may decline and then financial conditions in Korea may get worse but at the moment it’s a wait and see. The free trade agreement valid within Europe will mean that Korea will need to negotiate separately now an agreement with the UK.
* Anti-bribery laws will be applied to companies that entertain clients and who offer gifts or presents of more than USD$30.This is expected to affect fam tours as well as all sorts of businesses so the corporate world is watching and waiting for details of the new operating procedures.
* SHK(Samsung Hospitality Korea) the in house travel agent of Samsung will expand their global reach and now have offices in India and one in Europe. They not only handle outbound bookings from Korea but also local outbound within each region so hotels may wish to connect with us so that we can then enquire about the possibility of sales visits.

**Contact for this market is Alice Choi based in Seoul, South Korea**

[**achoi@preferredhotels.com**](mailto:achoi@preferredhotels.com)

**SOUTH EAST ASIA**

* Outbound travel for Thailand has seen a slight drop compared to last year as corporate clients tightens travel budgets and cuts out non necessary travel. Hotels that wish to encourage business may put in some offers if periods are slow. Please share them and we will distribute to the relevant TMCs.
* The key outbound cities are Singapore, Hong Kong, Tokyo and travel to Vietnam and Myanmar are seeing an increase as more Thai companies travel there for investment opportunities. Hotels in the cities should work with PH&R on any potential accounts for your property. Thai TMCs shared their challenge on room availability for listed hotels in the GDS and request that hotels look into the inventory of standard rooms available in the system.
* As the 2017 RFP season picks up pace, clients have shared that they are looking at lower rates instead of flat rates due to increased supply and flat demand in many cities. They are also looking at inviting more hotels in the four star category. It is important for hotels already in the program to work closely with the local offices and PH&R to maintain or increase the market share so that they might be considered for the next RFP season. Please update the corporate survey with accurate up to date production figures as hotels which do not meet the minimum required room nights will not be invited for 2017.
* For new hotels targeting RFP accounts please put in a strong business case and ensure that any business case loaded onto the Corporate Survey is targeted and relevant. Clients will not look at unsolicited bids unless the business cases are strong and offers cost saving values.
* Dell and EMC are now Dell Technologies and their RFP programs will be consolidated. Hotels that are currently in either or both programs are to extend their rates in the GDS till 31 March 2017 across all rate codes. The 2017 RFP will commence from 1 April and the expected launch date will be this November.
* The Singapore Roadshow will be 8 & 9 February 2017 and hotels working to grow their Singapore market are encouraged to register through Preferrednet.net or contact the Preferred Hotels & Resorts Singapore office for more information.

**Contact for this market is Nicole Foo based in Singapore**

[**nfoo@preferredhotels.com**](mailto:nfoo@preferredhotels.com)